

P-403/CP-89-930 ORDER ADOPTING MODIFIED RATES FOR POLLING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner
Norma McKanna	Commissioner

In the Matter of a Petition for
Extended Area Service from
Winnebago to Blue Earth

ISSUE DATE: January 25, 1993

DOCKET NO. P-403/CP-89-930

ORDER ADOPTING MODIFIED RATES
FOR POLLING

PROCEDURAL HISTORY

On October 19, 1989, subscribers in the Winnebago exchange filed a petition seeking extended area service (EAS) with the Blue Earth exchange. Both Winnebago and Blue Earth are served by the Blue Earth Valley Telephone Company.

On July 5, 1990, the Commission issued its ORDER REQUIRING FILING OF COST STUDIES AND PROPOSED RATES. In that Order the Commission found that the proposed Winnebago/Blue Earth EAS route met the first two statutory criteria for granting the petition: the Winnebago and Blue Earth exchanges are adjacent to each other, and there is sufficient traffic volume between the exchanges.

On August 9, 1991, the Commission issued its ORDER REQUIRING REFILED COST STUDIES AND PROPOSED RATES. The Commission required Blue Earth Valley Telephone Company to file revised cost studies and proposed rates because of certain deficiencies in the telephone company's first filing. Cost studies and proposed rates are necessary for polling of subscribers in the petitioning exchange. If a majority of subscribers responding to the poll favor EAS, the third statutory criterion is met.

On July 2, 1992, the Commission issued its ORDER GRANTING PETITIONS TO INTERVENE AND FOR CLARIFICATION AND ADOPTING RATES FOR POLLING. In that Order the Commission adopted rates for polling which incorporated a 60%/40% cost allocation. Subscribers in the petitioning exchange, Winnebago, would support 60% of EAS costs; subscribers in the petitioned exchange, Blue Earth, would support 40% of EAS costs.

In arriving at the 60%/40% cost allocation, the Commission looked first to the governing EAS statute. Minn. Stat. § 237.161, subd. 3 (a) states that when the Commission apportions costs for a non-Metro EAS petition, between 50% and 75% of the costs must be allocated to the petitioning exchange. Within those parameters, the exact allocation is left to Commission discretion.

The Commission next weighed benefits and burdens to determine the cost allocation. The Commission found that both exchanges would be benefitted by the installation of EAS. Each exchange would likely experience stimulation of traffic to the other exchange. The Commission decided that the subscribers in Winnebago, the much smaller exchange, would be proportionately more burdened by the added cost of EAS than would the subscribers of Blue Earth. After weighing the relative benefits and burdens, the Commission decided that a 60%/40% allocation of EAS expenses would result in fair and equitable rates.

As the Commission Staff prepared ballots based on the rates adopted in the Commission's July 2, 1992 Order, the Staff discovered that Blue Earth Valley Telephone Company's agent had failed to count accurately the number of lines in service. This error affected the distribution of the revenue requirement over the customer classes. Commission Staff asked for and received revised rates using correct line counts. The Department of Public Service stated that it believed that the proposed rates had now been accurately calculated.

The matter came before the Commission for consideration on January 12, 1993.

FINDINGS AND CONCLUSIONS

The Commission has previously found that the proposed Winnebago/Blue Earth route fulfills the first two of three criteria for a successful EAS petition. Subscribers in the petitioning exchange must now be polled to determine if a majority favor EAS and thus fulfill the third statutory criterion.

The Commission will accept the revised rates submitted by Blue Earth Valley Telephone Company. In so doing, the Commission adopts the reasoning regarding cost allocation found in its July 2, 1992 Order. The Commission will therefore accept the revised rates using a 60%/40% cost allocation, and will proceed toward polling. Representatives of the Blue Earth Valley Telephone Company shall cooperate fully with Commission staff and agents in the process of polling Winnebago subscribers.

ORDER

1. The Commission adopts the following rates for polling for the proposed Winnebago/Blue Earth EAS route:

	<u>Winnebago</u>	<u>Blue Earth</u>
Res. 1 party	\$ 3.94	\$ 1.08
Rural R1	9.95	2.73
Bus. 1 party	7.37	2.02
Rural B1	12.24	3.36
PBX	13.74	3.77
Key System	9.39	2.57
Rural Key	14.25	3.91
Semi Pub	10.81	2.96

2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)